Banco Provincia

Notes to the Financial Statements

AT DECEMBER 31, 2014 AND COMPARATIVE PERIODS
(In thousands of Pesos)

1. Institutional Nature of the Bank – The Argentine Economic Context and its Impact on the Bank's Economic and Financial Position – Basis for the Presentation of the Financial Statements

Institutional Nature of the Bank

Banco de la Provincia de Buenos Aires (BPBA or the Bank) is a self-administered public institution, the origin, guaranties and privileges of which are set forth in the Preamble and Sections 31 and 104 of the National Constitution, presently ratified by Sections 31 and 121 of the National Constitution as amended in 1994.

Section 7 of the national union pact dated November 11, 1859 (*San José de Flores Treaty*) established that the Province of Buenos Aires reserved for itself the exclusive rights, among others, to govern its Provincial State Bank and to pass the necessary laws to that effect.

For that reason, article 4 of the Bank's Charter – Decree Law No. 9437/79, as amended, provides that the Bank, its assets, acts and doings, contracts and transactions, as well as the rights arising therefrom in its favor, shall be exempted from any liens, taxes, charges or contributions of any nature whatsoever.

The Argentine Economic Context and its Impact on the Bank's Economic and Financial Position

The main feature of the year 2014 was the high uncertainty that had a negative impact on the world macroeconomic development and, mainly, on emerging economies. The latest projections from the International Monetary Fund (IMF) indicate that in 2014 the annual global economic growth remained at the same level as in 2013 (3.3%): developed markets improved their performance as against 2013 (from 1.3% to 1.8%) while emerging markets showed a slowdown compared to the previous year (from 4.7% to 4.4%). Rising geopolitical tensions and the fall in commodities prices (especially in oil) resulted in market volatility. This affected the activity and heightened the concern about the global economy health, which could not recover the growth rate recorded before the 2008 crisis, in spite of certain strong policies implemented by some countries.

The US economy expanded by 2.4% per annum (0.2 percentage point (p.p.) over 2013) primarily due to the strengthening of industrial production and labor market within a framework of higher corporate confidence. However, inflation, which stayed below the FED's target rate, led the monetary authority to be "patient", according to their own words, to set a timeline to increase reference rates, which have remained unaltered at 0.25 % per annum since 2008, in order to finally complete the normalization process of the monetary policy that in October concluded its third round of the Quantitative Easing (QE) program.

Eurozone countries had a moderate annual economic growth (0.8%) in 2014, reversing the variation sign of the two previous years. In Germany, the growth (1.5%) was higher than in 2013 (0.2%), but lower than the level expected, basically as a consequence of sanctions applied to Russia and a deceleration phase in emerging markets. France expanded 0.4% (0.1 p.p. over 2013); Italy managed to reduce its drop rate from 1.9% to 0.4%; and Spain moved from a 1.2% decrease in 2013 to a 1.4% increase in 2014.
The deflation risk and the over-indebtedness of some countries, such as Greece (174.9% of GDP), Italy (132.6%), Portugal (129%) and Belgium (101.5%), raised serious doubts as to the consolidation of the European recovery. In view of this situation, the European Central Bank (ECB) issued a set of expansionary monetary policy measures.

Japanese economy slightly increased 0.1% in 2014, 1.5 p.p. below the level attained the previous year. This was due to the lesser dynamism of domestic consumption mainly affected by the increased added value tax rate imposed by the government as of April. The annual reference interest rate was 0.07% at the end of the year and the Bank of Japan announced an aggressive asset purchase program in order to deal with deflation and stagnation.

With respect to emerging economies, China showed a 7.4% annual expansion, which was 0.4 p.p. weaker than the 2013 variation. With the purpose of encouraging economic growth, the People's Bank of China decided to reduce reference rates as of November for the first time since June 2012.At the end of the year, annual interest rates on deposits and loans were at 2.75% and 5.6%, respectively, but the end of the credit and housing boom period might affect even more the deceleration of the economy. Russian economy increased 0.6% per annum, below the 1.3% rate recorded a year earlier as a result of a substantial drop in investments and a massive capital flight driven by the conflict with Ukraine and Western sanctions. By year-end, the government unveiled an anti-crisis plan that would protect the economy in 2015 from the decline in oil price and the sharp devaluation of the Ruble started at mid-December. During 2014, the economy in Latin America and the Caribbean grew 1.2%, quite below the figure obtained in the previous year (2.8%), basically due to the lower demand for commodities. This performance was severely affected by Brazil’s lower investments and industrial activities, situation that led to a slight 0.1% rise in Brazilian GDP in 2014, as compared to a 2.5% expansion in 2013. At the beginning of December, the Central Bank of Brazil decided to increase again the reference rate to 11.75%, a move intended to control prices and recover investors’ confidence.

In this context, the dollar appreciation, the completion of the asset purchase program by the Federal Reserve and the lower world growth had a strong impact on commodities prices. Other supply-related factors had a significant effect, such as the decision taken by the Organization of the Petroleum Exporting Countries (OPEC) not to reduce the production level despite the higher production of some counties, specially the United States. Therefore, the oil price has strongly fallen since September and the WTI (West Texas Intermediate) oil price has accumulated a 55% reduction since September.

Soybean prices recorded a marked drop due to the large supply of beans derived from excellent harvest results in Argentina, Brazil and the United States, and a dollar stronger than other currencies, which had a significant effect on Argentina.

In line with this performance, during this year Argentina had to face several difficulties related to the external sector because of the declining Brazilian industry, the lower global traded volume and the deteriorated terms of trade, which, at the end of 2014, were substantially below the average level of the last five years. This situation considerably affected domestic economic development. Global trade dynamism, which has shown no signs of recovery, as well as the normalization of the US monetary policy, kept on presenting a negative scenario for the country for 2015. However, expectations may be optimistic given the improved terms of trade due to the higher relative increase in the price of exports over imports because of the oil price. In spite of the unfavorable expectations for Brazil, the major trading partner of Argentina, the adjustment plan prepared by Dilma Rousseff’s new economic team could help the main economy of Latin America recover from a long period of low expansion, high inflation and poor corporate confidence.

Argentine economic activities contracted during the fourth quarter of the year, resulting in a negative impact on the labor market that showed an employment rate fall after having reduced working hours in previous years. The contraction estimated for the year would exceed 2% as against 2013.

With respect to the financial system, the Argentine Central Bank (BCRA) adopted some measures to restrict the volatility of the nominal exchange rate. One of these measures restated the limit to the positive net overall position in foreign currency of financial institutions as of February, which was initially fixed at 30% of the adjusted net worth of each institution and in September was reduced to 20%. As a consequence, foreign currency supply increased and exchange market pressures diminished. In July the BCRA and the Central Bank of the People’s Republic of China entered into a new currency swap agreement in order to improve financial conditions and promote economic development and bilateral trade. The Argentine Central Bank received the first tranche of the currency swap for the equivalent of US$814 million on October 30. Other measures were also implemented to stimulate savings in pesos and encourage lending to the private sector. They also include the setting of minimum interest rates on retail fixed-term deposits denominated in pesos and the increase in the deposit guarantee coverage.

1.a. Refinancing of Mortgage Debts

Within the framework of Laws Nos. 25563 and 25589, which declared a state of productive and credit emergency as a result of the Argentine crisis and suspended mortgage foreclosures on certain debts related to homes and/or productive businesses, during November 2003 a Mortgage Refinancing System was created through Law No. 25798. The objective of such system is to implement refinancing mechanisms for mortgage loans delinquent from January 1, 2001 until September 11, 2003, amounting up to $100 for the purchase, improvement, construction and/or enlargement of houses or for the settlement of mortgage-backed loans originally granted for any of those purposes. To that effect, a Mortgage Refinancing Trust was also created for the payment of expired debts to lenders and the rescheduling of the remaining debt owed by debtors, with Banco de la Nación Argentina (BNA) acting as trustee.

The Bank made known its intention of adhering to the Mortgage Refinancing System, Law No. 25798, by submitting to Banco de la Nación Argentina, in its character as trustee, 2,195 loans selected to be transferred to the "Mortgage Refinancing Trust – Law No.25798, according to the provisions of BCRA's Communication "A" 4117 dated March 16, 2004. This system allowed financial institutions to release up to 65% of the provisions made, in relation to such loans.

So far, the BCRA has received payment for 930 loans, selected and authorized by Resolution of the Board of Directors No.1376/05 dated October 13, 2005, and 72 loans under phase II authorized by Resolution No. 126/10 dated February 4, 2010.

To date, the acceptance by Banco de la Nación Argentina of 392 loans under phase II is still pending. The Board of Directors of the Bank authorized the Legal Affairs Area to accept their possible inclusion in those cases where the system had been or will be perfected, applying the same collection procedures and including them within the scope of Resolution No.779/07.

1.b. Amounts Paid under Injunctions

In accordance with Communication "A" 3916, any differences arising from compliance with judicial orders under legal actions brought by natural and artificial persons against the National Government and/or financial institutions, regarding the conversion into pesos and rescheduling of foreign currency deposits decided by the National Executive Branch, are informed under the "Intangible Assets - Organization and Development Expenses" caption, and will be amortized in 60 months.

Therefore, at December 31, 2014 and 2013, the Bank registered under the "Intangible Assets – Organization and Development Expenses" caption the original value of the difference between the amount paid under the court order and the amount entered according to the rules in force at the payment date for $999,456 and $990,555, respectively; and $968,232 and $950,125 corresponding to the accumulated amortization.

In compliance with Communication "A" 4439, the Bank has decided to defer, since December 2005, the recording of losses on exchange differences capitalized in the Financial Statements for an amount equivalent to 50% of new commercial loans for terms averaging not less than 2 years with certain restrictions; this amount could not exceed 10% of the adjusted net worth for the second prior month.

1.c. Position of the Bank

The Bank has a considerable exposure to the Argentine public sector, through rights, government bonds, loans and other assets, recorded in the Financial Statements and Annexes for approximately $26,502,091 and $23,662,151 at December 31, 2014 and 2013, respectively. Such exposures results mainly from debt restructuring by the Argentine Government, compensation for the effects of devaluation and asymmetric conversion into pesos, financial assistance to the Government of the Province of Buenos Aires, as stated in Article 9(B) and 11 of the Bank's Charter and other facilities granted. Likewise, the Bank's investments in securities issued by the BCRA amount to $8,567,046 at December 31, 2014.

Through Executive Orders Nos. 1620, 2094 and 2190 dated December 28, 2012, and Nos. 1679 and 1680 dated December 30, 2013, the Provincial Executive Branch provided for the issuance of bonds for the cancellation of advances of pension contributions to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (*Caja de Jubilaciones, Subsidios y Pensiones del Personal del Banco de la Provincia de Buenos Aires*) and the consolidation of debts between the Province and the Bank. At the date hereof, the Bank has not received them. (See Note 18.3.)

In addition, as mentioned in Note 16 to these Financial Statements, at December 31, 2013, the Bank had not complied with all the commitments undertaken through Resolution 92/11. Therefore, on December 18, 2014, the Bank submitted to the BCRA a Compliance Schedule for the 2015-2018 period aimed at achieving self-capitalization through the generation of earnings and its inclusion in the prudential regulations in force. The maintenance of the exemptions contemplated in Resolution 92/11 and additional exemptions were also requested. (See Note 16.)

The Bank continued developing commercial actions to maintain its competitiveness within the market and comply with its role as a state-owned bank. To that effect, it not only granted financing in accordance with section 24 s) of its Charter -which stipulates that the Board of Directors shall be authorized to grant loans to artificial persons from the private sector for an amount not exceeding three per cent (3%) of the Bank's Net Worth, or up to twenty million United States Dollars (US$20,000) when the credit transaction is destined to finance exports- but also offered a wide range of lending alternatives under favorable terms so as to foster investment, production and employment, particularly in small and medium enterprises, and other various facilities for the acquisition of durable consumer goods and personal spending.

The provision of foreign trade services gradually intensified within the market. This resulted not only from the implementation of a new system in early 2009 but also from a more effective administration of transactions. Data standardization and centralization also provide a more efficient internal control system for monitoring foreign exchange transactions. Moreover, the structural modification whereby overseas branches are now under the supervision of the Foreign Trade Management makes the resolution of commercial and administrative issues more dynamic.

Finally, the Bank is directing its efforts towards several projects with direct impact on its activity, the consolidation of its IT systems and updating of the technological resources in line with innovation.

1.d. BCRA Reporting Systems

On December 18, 2014, the Bank submitted to the BCRA a Compliance Schedule for the four-year period 2015-2018 (See Note 16).

Communication "A" 4093 set the maximum limit for the Immobilized Assets ratio at 100% of the Bank's adjusted net worth. The Bank complies with the regulation in force at the individual level and duly submitted the pertinent information at December 2014, however at the consolidated level the Bank exceeded such limit (See Note 16).

Communication "A" 4912 of the BCRA reestablished, as of February 2009, the effectiveness of the Net Overall Position in Foreign Currency reporting system. By Communication "A" 5536, the BCRA also reestablished as from February, 2014 the application of the positive limit of the Net Overall Position in Foreign Currency. Such limit shall be the 30% of the lower of the Adjusted Net Worth for the previous month and the institutions' liquid assets. Later, by Communication "A" 5627, the positive limit of this ratio has been modified and shall not exceed 20%. At this date, the Bank has submitted the information until and including January 2015, complying with the requirements therein defined.

Communication "A" 4363 issued by the BCRA established that, since June 16, 2005, the maximum limit of the General Exchange Position cannot exceed 15% of the Adjusted Net Worth at the end of the month immediately preceding the last month in which presentation to the BCRA shall have expired, increasing such percentage by 5% of the Institution's total foreign currency purchase and sale transactions with customers during the calendar month immediately preceding the previous month and by 2% of all domestic demand and term deposits in foreign currency. The Bank is in compliance with the stipulated limits.

Communication "A" 4546 of the BCRA provided that, effective July 1, 2007, the overall monthly assistance to the national, provincial and municipal non-financial public sector shall not exceed 35% of total assets as of the last day of the preceding month. Wherever such limit is exceeded, 100% of the excess shall imply an equal increase in the minimum capital requirement. Likewise, limits were set for assistance to the municipal and provincial public sector. The Bank's records show excesses in these limits. By Resolution No. 92/11, the BCRA decided to accept that said limit were not applied to certain financial assistances. The Bank requested to maintain said exemptions and other additional ones. See Note 16.

According to the provisions of Communication “A” 5154 of the BCRA, financial institutions may not refinance nor grant financial assistance to the Non Financial Public Sector, except that they were allocated to Trust or Trust Funds created for specific purposes, or those expressly authorized by the BCRA.

Additionally, the Bank also shows excesses in the limits imposed by the current regulations of the BCRA on the diversification of the credit risk involving the non-financial public sector. Such excess amounts result in a higher minimum capital requirement. As mentioned above, by Resolution No. 92/11, the BCRA decided to accept for minimum capital requirement purposes, any shortfalls recorded until the earlier of December 2013 or the date of final compliance. The Bank requested to maintain said exemptions and other additional ones. With respect to the private sector, the Bank has not exceeded these limits. See Note 16.

By Communication “A” 5272 and effective as of February 1, 2012, the BCRA introduced amendments to the text regarding minimum capital requirements for financial institutions. One of the amendments relates to the minimum capital requirement for operational risk, which is part of the minimum capital requirement that financial institutions should comply with on the last day of each month. Such minimum capital requirement for operational risk shall be calculated monthly taking into account 15% of the average positive gross income of the last three years.

Likewise, such Communication provides that both market and operational risks form part of the minimum capital requirement that financial institutions should comply with on the last day of each month. In order to assess the soundness mentioned in item 2.2. of Article 2 of the rules on “Distribution of Earnings”, financial institutions shall include in such recalculation the amount of the requirement taking into account a ratio equal to 1.

On January 8, 2015, the BCRA issued Communication “A” 5694 informing financial institutions that it decided to add, as of January 1, 2016, an additional minimum capital requirement equivalent to 1% of risk weighted assets, which shall be required to financial institutions deemed as “Domestic Systemically Important Banks” by the BCRA.
In order to comply with such requirement, a gradual implementation schedule has been designed as from the first quarter of 2016, at a 7.5% rate, increasing up to 100% by January, 2019. At the date of these Financial Statements, the BCRA has not issued the list of Domestic Systemically Important Banks.

Under the terms of Article 9, Paragraph B of the Bank’s Charter - Decree Law No. 9437/79, at December 31, 2014 and 2013, the Bank granted financing to the Provincial Government for a total amount of $3,941,770. At the date of issuance of these Financial Statements, the Bank granted no new financial assistance to the Provincial Government under these terms. Accrued interest receivable for the above mentioned assistance totaled $1,220,095 and $369,061 at December 31, 2014 and 2013, respectively.

As of December 31, 2014, as approved under Resolution No. 1705/14 of its Board of Directors, and in line with the terms of Article 11 of the Bank’s Charter – Decree Law No. 9437/79, the Bank also granted financing for $2,500,000 to the Provincial Government. At the date of these Financial Statements, the guarantee and sales order of Provincial Public Debt securities were being implemented according to the requirements of the above article. Accrued interest receivable for the above mentioned financial facilities totaled $4,212 and $92,414 at December 31, 2014 and 2013, respectively.

Additionally, at December 31, 2014 and 2013, the Bank recorded receivables on account of advances of pension contributions to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel (*Caja de Jubilaciones, Subsidios y Pensiones del Personal del Banco de la Provincia de Buenos Aires*) for $3,772,736 and $1,606,139, respectively. (See Note 18.2.)

As of December 31, 2014 and 2013, the Bank recorded receivables on account of collections in kind for consolidation of debts with the Province of Buenos Aires and advances of pension contributions to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel for $3,435,991 and $350,000 (See Note 18.3).

(In thousands of Pesos)

Likewise, at December 31, 2014 and 2013, the Bank granted other financial facilities for $577,698 and $139,147, respectively.

ACCOUNTS IN COMPLIANCE WITH MINIMUM CASH REQUIREMENTS

According to the regulations of the BCRA, Banco de la Provincia de Buenos Aires computed the following items for minimum cash requirements at December 31, 2014.

Minimum Cash – Balances at the end of the fiscal year - Pesos

Description	12/31/14
Minimum Cash Requirement	
Credit balances in demand checking accounts opened with the BCRA	5,877,458
Credit balances in special escrow accounts opened with the BCRA	1,202,818
Total Minimum Cash Requirement	**7,080,276**

Minimum Cash – Balances at the end of the fiscal year – Foreign Currency (US Dollars)

Description	12/31/14
Minimum Cash Requirement	
Credit balances in demand checking accounts opened with the BCRA	4,242,160
Total Minimum Cash Requirement	**4,242,160**

2. Basis for Presentation of the Financial Statements

2.1. Application of Accounting Standards

Banco de la Provincia de Buenos Aires follows the Accounting Standards issued by the Argentine Central Bank. Likewise, as an institution of the Province of Buenos Aires, the Bank is subject to audits by the General Accounting Office and the Auditing Office of the Province of Buenos Aires for budgetary performance purposes.

The figures shown in the Financial Statements derived from books of accounts that were signed by the General Accounting Office of the Province of Buenos Aires, which have been kept in accordance with usual procedures.

The Financial Statements are in agreement with the disclosure policies established by the BCRA and Technical Resolution No. 8 issued by the Argentine Federation of Professional Councils in Economic Sciences *(Federación Argentina de Consejos Profesionales en Ciencias Económicas)*.

The Financial Statements include the account balances corresponding to the transactions carried out by the Bank in Argentina and in its branches abroad. They have been prepared pursuant to the standards of the Argentine Central Bank and include the assets, liabilities and results of operations of the Bank's overseas branches derived from their Financial Statements, as especially adjusted following the valuation and disclosure criteria set by the BCRA and the Professional Accounting Standards.

The following procedures were applied to translate the Financial Statements of overseas branches into pesos:

- Assets and Liabilities were converted into pesos using the BCRA reference exchange rate for foreign currency transfers, effective at the end of each year.
- The allotted capital was calculated on the basis of the amounts actually disbursed, as restated according to changes in the currency purchasing power until August 31, 1995, when adjustments for inflation were

discontinued. Subsequent allocations originating in the stability period were expressed in the currency effective at December 31, 2001 and their balances were restated at February 28, 2003.

- Retained Earnings were determined as the difference among Assets, Liabilities and allotted Capital, as restated at February 28, 2003.
- Net Income for the fiscal year was determined as the difference between the retained earnings at the beginning of the period, as restated, and the retained earnings at closing.
- Items arising from transactions between domestic and foreign branches not involving third parties were removed from the Balance Sheet and the Statement of Income.
- Exchange differences arising from currency translation were allocated to “Financial Income – Other” or “Financial Expenditure – Other” captions in the Statement of Income, as appropriate.

According to National Executive Order No. 664/03 and BCRA Communication "A" 3921 dated April 8, 2003, the Bank decided to discontinue the restatement of accounting information in uniform currency; therefore, the accounts did not reflect the effects of changes in currency purchasing power dating from March 1, 2003.

Argentine professional accounting standards establish that financial statements shall be prepared recognizing changes in currency purchasing power according to the provisions of Technical Resolutions (TR) No. 6 and No. 17, as amended by TR No. 39 and by Interpretation No. 8. These standards were issued by the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales en Ciencias Económicas*). They state that the adjustment for inflation shall be applied upon the existence of an inflationary context characterized, among other features, by a three-year accumulated inflation rate, reaching or exceeding 100%, by application of the General Wholesale Domestic Price Index published by the National Institute of Statistics and Census. Upon reaching such rate, the pertinent financial statements shall be restated as from the date the adjustment was discontinued. At the date of issuance of these financial statements, this guideline was not met.

At the date hereof, the Argentine Central Bank issued no regulations in relation to the above mentioned paragraph.

2.2. Differences between Professional Accounting Standards and the Accounting Standards Set by the Argentine Central Bank

The Professional Council in Economic Sciences of the Province of Buenos Aires (*Consejo Profesional de Ciencias Económicas de la Provincia de Buenos Aires*) approved Technical Resolutions Nos. 16 through 40, which are in force at the date of issuance of these Financial Statements.

Moreover, the Central Bank has not yet adopted all the above standards. Therefore, the Bank has prepared these Financial Statements without considering the valuation and disclosure criteria included in the Professional Accounting Standards in force in the Province of Buenos Aires.

There follows a detail of the main differences between the current Professional Accounting Standards and the standards set by the Argentine Central Bank:

Restructured Loans and Deposits

The Bank has assessed the loans and deposits affected by the actions taken by the National Government according to the rules and regulations issued by the National Government and the BCRA.

Under the new Professional Accounting Standards, a change in the original terms of Loans and Deposits would imply a replacement of instruments; the new Assets and Liabilities should then be recorded on the basis of the best estimate of the amounts receivable and payable, as discounted at the market rate reflecting the market evaluation of the time value of money and the specific risks of such assets or liabilities at the moment of restructuring.

The Bank has not quantified the effects that the implementation of the above standards might bring about if they were to be considered by the regulations of the BCRA.

Non-Financial Public Sector - Allowances

The current regulations on allowances issued by the BCRA establish that receivables from the Public Sector are not subject to allowances for uncollectibility risks. Pursuant to the Professional Accounting Standards, such allowances must be estimated according to the recoverability risk of assets.

Valuation of Assets with the Non-Financial Public Sector

- **Secured Loans and Guaranteed Bonds**

As stated in Note 3.18, during the fiscal year ended December 31, 2001, the Bank exchanged National Government Securities, Provincial Government Securities and Provincial Loans with the National Government for a nominal value of US$4,302,344, the book value of which amounted to $4,201,349 at November 6, 2001, and received Secured Loans in exchange for the National Government Securities and Guaranteed Bonds 2018 in exchange for the Provincial Government Securities and Provincial Loans.

At December 31, 2014 and 2013, the above assets were measured at the exchange value set by the Ministry of Economy at November 6, 2001, plus the corresponding interest accrued until the end of the period, converted into pesos at the exchange rate of $1.40 and updated by the CER index, net of the balance of adjustment accounts (see Note 3.18).

According to the Professional Accounting Standards, a change in the original terms of the Loans would imply a replacement of instruments; the new Assets should then be booked on the basis of the best estimate of the amounts receivable, as discounted at the market rate in force when making the initial appraisal.

- **Compensation according to Sections 28 and 29 of National Executive Order No. 905/02 and Provincial Exchange**:

At December 31, 2014 and 2013, the Bank recorded at their technical value under the “Government Securities at Cost plus Yield”, “Other Receivables from Financial Brokerage - Other Receivables not included in the Debtors’ Classification Rules” and “Miscellaneous Receivables” captions, the Government Securities received (Bogar 2018) on account of the compensation established in sections 28 and 29 of the National Executive Order No. 905/2002 and in the Provincial Exchange provided by Executive Order Nos. 1387/01 and 1579/02.

In accordance with current Professional Accounting Standards, the above assets must be measured at their market value.

At December 31, 2014 and 2013, the book value of assets resulting from the compensation received according to sections 28 and 29 of the National Executive Order No. 905/02 amounts to $224,849 and $234,021, respectively. If valued at their market quotation on the same date, they amount to $198,571 and $184,970, respectively.

Moreover, the book value of the securities resulting from the Provincial Exchange at December 31, 2014 and 2013 (at their technical value as detailed in Note 3.18) amounts to $8,348,649 and $8,689,636 respectively. If valued at their market quotation on the same date, they amount to $7,373,118 and $6,868,110, respectively.

- **Payments ordered by injunctions**

At stated in Note 1.b, the Bank recorded under the “Intangible Assets” caption $31,224 and $40,430 at December 31, 2014 and 2013, respectively, on account of exchange differences resulting from compliance with Communications “A” 3916 and “A” 4439 of the BCRA. However, professional accounting standards' valuation and disclosure criteria require reducing the book value of any excess amounts paid by the Bank to their recoverable value.

- **Provincial Bonds**

At December 31, 2013, the Bank's holdings of Bonds of the Province of Buenos Aires 2018 amounted to a nominal value of US$76,874. According to the Argentine Central Bank's Resolution No. 92/11, such securities were valued at their market quotation at September 30, 2010 plus accrual at the internal rate of return. Current Professional Accounting Standards establish that such assets should be valued at their purchase price plus accrual at the internal rate of return.

Accounting for Instruments issued by the BCRA and other Government Securities at Cost plus Yield

At December 31, 2014 and 2013, Bills issued by the BCRA and other Government Securities were measured at cost using the effective interest method (based on their internal rate of return) in accordance with Communication "A" 5180. This accounting policy differs from current Professional Accounting Standards, which require the measurement of such instruments at their net realizable value. The Bank has not quantified the effects that the application of current Professional Accounting Standards might have on the valuation of such transactions.

Accounting for Derivative Financial Instruments

At December 31, 2013, the Bank held Forward Transactions without delivery of the underlying asset and Forward Transactions with delivery of the underlying asset, which were valued according to BCRA's regulations, as described in Note 14.
At December 31, 2014, the Bank held Forward Transactions with delivery of the underlying asset, which were valued according to BCRA's regulations, as described in Note 14.

The Bank has not quantified the effects that the application of current Professional Accounting Standards might have on the valuation of such transactions.

Conversion of Financial Statements

The conversion into pesos of the Financial Statements of Overseas Branches for their consolidation with the Financial Statements of the Bank does not follow current Professional Accounting Standards (Technical Resolution No. 18), which require that: (a) the amounts that in the Financial Statements to be converted are stated in year-end foreign currency (current values, recoverable values) shall be converted at the exchange rate prevailing on the date of the Financial Statements; and (b) the amounts that in the Financial Statements to be converted are stated in foreign currency at a date prior to the closing date (for example, those representing historical costs, income, expenditures) shall be converted at the pertinent historical rates of exchange, as restated in year-end currency, when so required by the provisions of Technical Resolution No. 17. Exchange differences arising from the conversion of Financial Statements shall be considered as financial income or financial costs, as applicable.

The use of this criterion in lieu of that mentioned in Note 2.1 does not significantly affect the disclosure of the Bank's Financial Statements.

Penalties and Administrative Proceedings imposed on Financial Institutions

By Communication "A" 5689, the BCRA states that as from January 2015, financial institutions shall set up provisions for 100% of their administrative and/or disciplinary penalties, as well as of those criminal proceedings in which a lower court decision has been rendered, applied or brought by the Argentine Central Bank, the Financial Information Unit, the National Securities Commission and the National Insurance Superintendency, served upon the financial institution, regardless their significance, even when judicial or administrative measures suspending payment have been entered into, and whatever the status of the case may be. Likewise, it provides that financial institutions shall inform such measures in notes to the financial statements, whether quantified or not, as well as the summary proceedings brought into by the BCRA as from the moment in which the opening of such proceedings has been served upon the institution.

Pursuant to the professional accounting standards currently in force in the Province of Buenos Aires, such contingencies shall be recognized as liabilities when a high occurrence probability exists and they may be properly quantified in currency, which shall also be informed in the notes to the financial statements. When the occurrence probability of contingences is deemed unlikely, they shall not be informed in the financial statements or the notes; but when it is deemed likely but the contingences do not comply with the requirements to be recognized as liabilities, they shall only be informed in the notes to the financial statements.

Personnel Benefits

Benefits paid to personnel (unused vacations, wages on account of termination of employment and other compensations) are allocated to the Bank's expenses as employees make use of those benefits according to the BCRA accounting guidelines, while the professional accounting standards in force state that those benefits granted as employees render services shall be acknowledged as a liability during the labor relationship period.

3. Valuation Criteria

The main valuation and restatement criteria that were followed for the preparation of these Financial Statements are described below:

3.1. Statement of Cash Flows

The criterion for the preparation of this Statement identifies the “Cash and Due from Banks” caption as cash and cash equivalents.

3.2. Valuation of Assets and Liabilities in Foreign Currency

At December, 31, 2014 and 2013, Assets and Liabilities denominated in US dollars were valued at the BCRA reference exchange rate for US dollars, prevailing at the close of business on the last business day of the year ($8,5520 and $6,5180, respectively). Likewise, Assets and Liabilities denominated in other foreign currencies were converted at the rates informed by the foreign exchange department of the Argentine Central Bank. Any exchange differences were charged to income/(loss) of each fiscal year.

Foreign exchange regulations in force at December, 29, 2014 are set forth in BCRA’s Communiqué No. 50496.

3.3. Valuation of Government and Corporate Securities

Government Securities

At December 31, 2014 and 2013, they were valued in conformity with the provisions on “Valuation of non-financial public sector debt instruments and BCRA monetary regulation instruments” established in Communication “A” 5180.

a. Securities booked at fair market value

They are recorded at their market or present value, as appropriate. These securities have been valued at the market price prevailing on the Buenos Aires Stock Exchange or other pertinent foreign stock exchanges on the last business day of the fiscal year.

According to Communication “A” 5180, financial institutions will be able to capitalize losses that might arise as of March 1, 2011 from the application of the valuation criteria set by this Communication. At December 31, 2013, the sum capitalized by the Bank amounted to $5,378.

(In thousands of Pesos)

At December 31, 2014 and 2013, the Bank also recorded the Discount Bonds received in exchange for defaulted public debt securities (Executive Order No. 1735/04) valued at NV$24,898 and $9,216, respectively, pursuant to regulations in force.

b. Holdings recorded at cost plus yield

They are valued at their acquisition cost, increased on a monthly basis by the internal rate of return, according to the applicable accrual criterion, except for:

Guaranteed Bonds under Executive Order No. 1579/02 – Bogar 2018 (NV$5,186 million) measured at their technical value until final amortization, pursuant to Resolution No. 92/11 issued by the BCRA, as mentioned in Note 3.18. (See also Note 16.)

Bonds of the Province of Buenos Aires valued at their market price at September 30, 2010 plus accrual at the internal rate of return, according to Resolution No. 92/11 of the BCRA as described in Note 16. As of December, 31, 2013, the book value of the above mentioned bonds amounts to$460,420. (See Note 16.)

Securities received in exchange for defaulted public debt securities (Executive Order No. 1,735/04) for NV$1,482 as at December 31, 2013.

3.4. Interest Accrual and Adjustment Methods

Interest accruals have been mainly calculated on an exponential basis for both Loans and Deposits. The straight-line method has been used for interest accruals on Foreign Trade Transactions and transactions carried out by Foreign Branches.

As provided for by Executive Order No. 214/02, as supplemented, and the corresponding Resolutions issued by the BCRA, certain Assets and Liabilities originally denominated in foreign currency were adjusted by the CER Index.

3.5. Securities to Be Received and Delivered under Spot and Forward Transactions

As stated in Note 3.18, securities to be received are recorded at their technical value while securities to be delivered are valued at the pertinent market quotation prevailing at the closing date of each fiscal year.

3.6. Amounts to Be Collected and Paid under Spot and Forward Transactions

They were valued according to the prices agreed upon for each transaction, plus the relevant premiums accrued at the closing date of each fiscal year.

3.7. Valuation of Assets under Financial Leases

They were measured at the discount value of aggregate minimum lease installments and any non-secured residual value.

3.8. Valuation of Interests in Other Companies

They have been valued as follows:

Unlisted Controlled Companies:

- In pesos: At their equity value, according to the Financial Statements at December 31, 2014 and comparative periods.

Unlisted Non-Controlled Companies:

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February 19, 2015
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Fernando L. Arriola	Marcelo H. García	Gustavo M. Marangoni	C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33
General Accountant	General Manager	President	Teresita M. Amor

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(In thousands of Pesos)

• In pesos:	At their acquisition cost, restated at August 31, 1995 and then, as stated in Note 2.1, from January 1, 2002 until February 28, 2003; interests included subsequent to that date, at their acquisition cost not restated for inflation and not in excess of the lower of their equity value or their known realizable value.
• In foreign currency:	At their original cost in foreign currency translated into pesos according to the procedure mentioned in paragraph 3.2. above and not in excess of the lower of their equity value or their known realizable value.

3.9. Valuation of Bank Premises and Equipment and Miscellaneous Assets, including methods used for the calculation of depreciation

Assets corresponding to branches located in Argentina have been valued at their acquisition cost plus the highest value for technical revaluations during previous years, restated in constant currency at February 28, 2003, as mentioned in Note 2.1, less the applicable accumulated depreciation. Furthermore, assets of branches located abroad have been basically valued at their acquisition cost in foreign currency, net of the applicable accumulated depreciation, translated at the exchange rates in effect at the end of each fiscal year.

Depreciation of these assets is calculated on the basis of their useful life expressed in months, recognizing full-month depreciation in the first month of ownership.

The net residual values of these assets, taken as a whole, do not exceed their use value.

3.10. Valuation of Other Miscellaneous Assets

Investments in works in progress and advances for the purchase of assets, including imports not cleared through customs and investments in works of art, have been valued at their acquisition cost, restated for inflation according to Note 2.1.

Their net book values do not exceed the corresponding use values.

3.11. Valuation of Intangible Assets

Intangible Assets have been valued at their acquisition cost, restated for inflation, less the applicable accumulated depreciation.

This caption includes Organization and Development Expenses of the Head Office in Argentina and the Sao Paulo and Montevideo Branches.

It also includes differences arising from compliance with judicial resolutions, which were recorded by the Bank pursuant to the provisions of Communications “A” 3916 and 4439 of the Argentine Central Bank as mentioned in Note 1.b.

Amortization charges are computed under the straight-line method over a maximum 60-month term as of the month of acquisition.

As stated in Note 3.3.a), at December 31, 2013, the loss arising from the valuation of securities according to Communication “A” 5180 still persists. Such loss is amortized in 36 equal, consecutive and monthly installments starting in April 2011 and the annual amortized amount must account for, at least, 1% of the adjusted net worth at December 31, 2010.

3.12. Valuation of Loans, Other Receivables, Deposits and Other Government Security Debts

They have been valued at the pertinent market price of the securities lent or received in deposit prevailing on the Buenos Aires Stock Exchange and other foreign stock exchanges on the last business day of the fiscal year, except for forward purchases/sales for Repo/Reverse Repo transactions carried out with unlisted Government Securities and instruments issued by the BCRA, which have been valued pursuant to Notes 3.3 and 3.18.

3.13. Accounting Treatment of Assets Purchased under Financial Leases

As of December 31, 2014 and 2013, the Bank has no third-party lease contracts under which the purchase option has been exercised.

3.14. Allowance for Uncollectibility Risk and Provision for Contingent Liabilities

They have been set up on the basis of the estimated uncollectibility risk of the Bank's credit assistance taking mainly into account the analysis of the debtors' future repayment capacity, through the assessment of their degree of compliance, economic and financial condition and the guarantees supporting the pertinent transactions according to the provisions set forth by the BCRA.

3.15. Provisions for Other Contingencies

They include the estimated amount held by the Bank to meet probable risks, such as settlement of pending labor and commercial lawsuits, credit card users' uncollectibility, claims for rescheduled deposits, illicit activities against the Bank and other possible contingencies for $897,441.

Pursuant to Communication "A" 4686 issued by the BCRA on July 4, 2007, the Bank has set up provisions for any difference between the equivalent value in pesos of court-ordered deposits originally in foreign currency and the book value of these foreign currency deposits that, on January 5, 2002, fell within the provisions of Law No. 25561 and Executive Order No. 214/02. At December 31, 2014 and 2013, such provisions amounted to $40,851 and $44,760, respectively.

3.16. Income Tax

By virtue of the Bank's institutional nature, Article 4 of its Charter -Executive Order No. 9434/79, as amended, provides that the Bank, its assets, acts and doings, agreements, contracts and transactions, as well as all rights arising therefrom in the Bank's favor, are exempt from any liens, taxes, charges or duties of any nature whatsoever, by which reason no provision is required for income tax on the transactions conducted by the Bank's Home Office or local branches.

3.17. Severance Pay

Severance payments are charged to income/(loss) in the month when the dismissal occurs.

3.18. Secured Loans and Guaranteed Bonds - Executive Orders Nos. 1387/01 and 1579/02

National Exchange

As a result of the exchange of national public debt securities for new financing instruments called "Secured Loans" (Executive Order No. 1387/01), the Bank holds $559,347 and $403,450 under the "Loans" caption at December 31, 2014 and 2013. They account for the Secured Loans received in exchange for its own holdings from the repayment of loans valued at the lower of their Technical Value or their Present Value, according to Communication "A" 3911, as amended.

Such "Secured Loans" were recorded at the Technical Value of the securities delivered, i.e. US$243,414 (which value is in accordance with the terms and conditions of issuance plus interest accrued at November 6, 2001). As required by the BCRA, the positive difference between this value and the book value is recorded in a Secured Loans contra- asset account as unrealized valuation difference, and is monthly charged to income/(loss) according to the term of the loans.

The Professional Accounting Standards would have required Secured Loans to be included in the Bank's Assets at the market price of the exchanged Government Securities. At the exchange date, such market price amounted to approximately US$107,241.

In its Communication "A" 4898, the BCRA set forth the guidelines for a new securities exchange designed to ease the government's financial burden in the short term. Under this exchange, bonds may be valued using another methodology so as to alleviate the potential impact of the financial crisis on the balance sheets of financial institutions. On January 23, 2009, the Bank exchanged Global 2008 Secured Loans at fixed rate for ONV US$143,755.

Provincial Exchange and Compensation according to Sections 28 and 29 of National Executive Order No. 905/02

The Bank has submitted provincial government securities and other provincial receivables to be exchanged as provided for by Executive Orders Nos. 1387/01 and 1579/02. Under the latter Executive Order, the Exchange would be implemented through Guaranteed Bonds 2018 issued by the Trust Fund for Provincial Development, secured by part of the funds corresponding to the Provinces from the Federal Revenue Sharing of Taxes and, subsidiarily, by the National Government through the automatic allocation of resources derived from the Tax on Debits and Credits in Bank Checking Accounts and from the federal share in the secondary distribution of shared taxes.

At December 31, 2014 and 2013, the Guaranteed Bonds 2018 are informed under the "Government Securities at Cost plus Yield", "Other Receivables from Financial Brokerage – Other Receivables not included in the Debtor's Classification Rules" and "Miscellaneous Receivables" captions for $8,348,849 and $8,689,636, respectively.

Taking into account the exemption granted by the BCRA through Resolution No. 92/11 and assuming that it remains in force, the Bank maintains Guaranteed Bonds under Executive Order No. 1579/02 - Bogar 2018 (NV$5,186 million) at their technical value until final amortization, under the "Memorandum Debit Accounts – Contingent" and the "Memorandum Credit Accounts – Contingent" captions, the creation and refund of the Fund for Maintaining the Value of Guaranteed Bonds issued by the Trust Fund for Provincial Development as long as Laws Nos. 13225 and 13238 remain in force.

At December 31, 2014 and 2013, the book value of assets resulting from the compensation received according to Sections 28 and 29 of the National Executive Order No. 905/02 amounts to $224,849 and $234,021, respectively.

At December 31, 2014, the total number of Guaranteed Bonds 2018 was valued at $7,571,688.

3.19 Accounting Estimates

The preparation of the financial statements in accordance with the BCRA's accounting standards requires the Bank's Board of Directors and General Management to make estimates affecting the determination of assets and liabilities and disclose contingencies at the date of presentation of the financial statements, as well as income and expenditures recorded in each fiscal year. Future income/loss may differ from estimates made at the date of preparation of these financial statements.

3.20 Valuation of receivables on account of Advances made to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel

They were valued on the basis of the best estimate of the amounts receivable as discounted at the market rate reflecting the market calculation of the time value of money and the specific risks of such assets upon their valuation date.

(In thousands of Pesos)

4. Changes in Valuation Criteria with respect to Those Applied during the Previous Fiscal Year

At December 31, 2014 and comparative periods, no amendments were made to the valuation criteria applied in previous years, except for those mentioned in these notes.

5. Prior Year Adjustment

The Financial Statements at December 31, 2014 included negative adjustments to the "Prior Year Adjustments" caption for $24,171 derived from the correction of certain processing errors.

6. Restricted Assets

The Bank holds the following Restricted Assets:

Assets	Caption	Original Nominal Value		Pesos		Description
		12/31/14	12/31/13	12/31/14	12/31/13	
National Treasury Bills and Financial Treasury Bills	Sao Paulo Branch	3,597	2,387	232,375	38,865	Collateral for transactions with BM&F.
Guaranteed Bonds	Other Receivables from Financial Brokerage	1,061	3,133	1,754	5,391	Collateral for transactions with the BCRA through the MAE and ROFEX.
Guaranteed Bonds	Other Receivables from Financial Brokerage	-	154,000	-	192,223	Collateral for repo transactions with local financial institutions.
Guaranteed Bonds	Other Receivables from Financial Brokerage	-	-	-	72,963	Valuation difference for Repo transactions with local financial institutions.
Guaranteed Bonds	Other Receivables from Financial Brokerage	267,960	201,465	442,995	346,652	Collateral for transactions with the BCRA under the Bicentennial Project.
Cash	Other Receivables from Financial Brokerage	-	-	1,237,022	1,082,889	BCRA collateral deposits.
Credit Card Guarantee Fund	Miscellaneous Receivables	-	-	195,941	157,301	Credit Card Guarantee Fund.

7. Contingencies

On October 11, 2002, the Users and Consumers Union *(Unión de Usuarios y Consumidores)* filed a summary complaint in the National Court of First Instance in Commercial Matters No. 18, Clerk's Office No. 35, requesting the suspension of the monthly charge for ATM robbery insurance covering the robbery of cash withdrawn by account holders from their savings or checking accounts or through Bapro Electron cards, and the reimbursement of all amounts so debited and the rendering of such service free of charge.

The lower court decision was passed on September 8, 2004 and ordered the Bank to pay back the amounts debited, plus interest, to those account holders who had not expressly requested, taken out or accepted such insurance, with costs charged to the Bank, but dismissed the request for the provision of such service free of charge.

After several appeals, the plaintiff requested the execution of judgment. On September 26, 2013, the Bank was compelled to refund $28,623 to customers still holding accounts with the Bank. With respect to former customers, the Court of Appeal had ordered that an amount of $29,911 be transferred to the National Bureau of Consumer Protection and the Government of the City of Buenos Aires. This led the Bank to file a remedy which stays pending. This Court reduced pertinent fees from $13,000 to $2,000 which have already been deposited by the Bank. Plaintiff's lawyers and experts filed an extraordinary remedy for the reduction of such amounts. This matter has not been resolved yet.

On February 10, 2005, the Users and Consumers Union filed another complaint, pending in the National Court of First Instance in Commercial Matters No. 21, Clerk's Office No.41, regarding the collection of fees for inter-branch transfers which was forbidden by the emergency rules in force. After several appeals, the Court ordered the Bank to pay back any mischarged amounts. On May 23, 2014, a total of $6,458 was refunded to customers with active account. The situation of former customers involving an equivalent amount has not been settled and the pertinent fees have not been determined yet.

Moreover, the Association for the Defense of Consumers (*Asociación de Defensa de los Consumidores*-ADECUA) brought a class action against the Bank for the collection of group life insurance premiums (Provincia Seguros) on loans. At this date, expert accounting reports are being prepared.

On November 22, 2012, the Bank was served notice of the complaint filed by Citibank for disagreement with future dollar sale transactions made before 2001. The Bank answered the complaint on December 19, 2012 and entered a motion to dismiss based on the lack of jurisdiction. In December 2014, the Argentine Supreme Court ruled favorably on the Bank's remedy and referred the case to be heard by a Federal Court instead of a National Court in Commercial Matters.

In 1994, the Bank filed a complaint against S.U.B.P.G.A for the collection of a foreign trade transaction with exchange insurance. The Court ruled in favor of the Bank, requiring to discount on the settlement amount any exchange insurances not applied by the Bank. Therefore, a judicial arbitrator was appointed to determine the final amount according to the Court's resolution. After settlement, the Bank turned out to be a debtor due to its failure to apply the exchange insurances in favor of S.U.B.P.G.A. The company requested the execution of the arbitrator's award for the amount of $23,500 plus interest. As the Bank filed a petition on this case, the matter is still pending. Under these proceedings, the Court levied an attachment on the funds held by Bank with the Buenos Aires Branch for an amount of $29,000.

The Bank estimates its reserves are sufficient to cover any unfavorable resolutions on these matters and other claims and, therefore, no negative effects are expected on its net worth.

Except for the situations described above and in Note 1 to these Financial Statements and the statement in Note 16 regarding the adjustment agreement with the Argentine Central Bank, there are no significant contingencies at the close of year for which adequate provisions have not been set up.

With respect to the criminal event in its Belgrano Branch that came to knowledge on January 3, 2011, the Bank received 42 claims, which are still pending. Though, the Bank has set up the pertinent provisions, up to date, it paid only $943,652.40 and $1,151 in relation to the case entitled "*Moran Graciela Nidia c/Banco de la Provincia de Buenos Aires s/Daños y Perjuicios".*

The class action filed by a consumer association on behalf of those customers whose safety deposit boxes had not been forced on such occasion stays pending (1,400 owners of safety deposit boxes and $250 claim each of them). At the date of these Financial Statements, the decision from the National Court of First

Instance was not rendered. Since the Bank considers unlikely that these claims be successful, no provisions have been set up.

8. Events Subsequent to Year-End

At the date of these Financial Statements, there were no significant subsequent events other than those mentioned in these Notes.

9. Restrictions on Profit Distributions

At December 31, 2013, according to the stipulations of article 17 of the Bank’s Charter and through Resolution No. 171/14, the Board of Directors distributed total 2013 Retained Earnings to increase Legal Reserve for $290,120 and Optional Reserves for $1,160,478.

Pursuant to the mentioned article of the Bank’s Charter, each of the Bank's Sections shall make a separate profit and loss statement at the end of each fiscal year and shall transfer its profits to a common pool.

After deducting all the amounts necessary for clearing up the assets and ten (10) percent of the pertinent net profits for the legal reserve fund of each Section, all realized profits shall be allotted as follows:

- To the Capital account of the Investment Loan Section, the net surplus obtained by that Section.
- To increases in Capital and Reserves of any of the Sections, and to contingency, social security and investment funds, in the proportions determined by the Board of Directors.

The above procedure is in line with the provisions of article 17 of the Bank’s Charter that differ from BCRA rules CONAU – 1 which provide that 20% of the profits disclosed in the Statement of Income at the close of each year plus prior year adjustments less accumulated losses at the close of the previous year must be allocated to Legal Reserve.

10. Intercompany Transactions (Law No. 19550, section 33)

The Bank's interests in its related and controlled companies are detailed below:

10.1. Interests in Equity and Non-Capitalized Contributions

10.1.1. Controlled Companies

Provincia Microempresas S.A. is a company created on July 27, 2009 for the purpose of identifying, selecting and pre-qualifying micro-businesses for loans. Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires are its shareholders with a 5% and 95% share, respectively.

At December 31, 2014 and 2013, the Capital Stock of Provincia Microempresas S.A. totaled $10,602 and $74,300, respectively. At the date of these Financial Statements, the capital stock was totally paid in.

On March 10, 2011, by Resolution No.312/11, BA Desarrollo S.A. (successor of Agencia Invierta Buenos Aires S.A.) was created, a company designed to offer technical and financial assistance for investment projects aimed at fostering the productive development of the Province. Grupo Banco Provincia S.A. and Banco de la Provincia de Buenos Aires are its shareholders with a 50% share each. At December 31, 2014 and 2013, the subscribed Capital Stock amounted to $20,000.

Notes to the Financial Statements

AT DECEMBER 31, 2014 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Issuing Company	Common Shares held by BPBA		Equity Interests and Votes (%)		Line of Business	Book Value Net of Allowances	
	12/31/14	12/31/13	12/31/14	12/31/13		12/31/14	12/31/13
Grupo Banco Provincia S.A.	379,875	379,875	99.97	99.97	Financial and Investment Transactions	854,861	568,144
Provincia Microempresas S.A.	10,071,777	10,071,777	95.00	95.00	Financial Transactions	26,746	7,734
Provincia Bursátil S.A.	640,000	640,000	4.00	4.00	Brokerage House	1,213	1,144
BA Desarrollo S.A.	10,000	10,000	50.00	50.00	Financial and Investment Transactions	5,572	5,765

10.1.2. Non-Controlled Related Companies

Issuing Company	Common Shares		Equity Interests (%)		Line of Business	Book Value Net of Allowances	
	12/31/14	12/31/13	12/31/14	12/31/13		12/31/14	12/31/13
A.C.H. S.A.	188,500	188,500	29.00	29.00	Clearing House	189	189

(*) in liquidation

Moreover, Grupo Banco Provincia S.A. has equity interests in its controlled companies as follows:

Issuing Company	Common Shares (number)	Equity Interests and Votes %	Line of Business
Provincia Seguros S.A.	53,024,289	60.00	General Insurance
Provincia Bursátil S.A.	15,200,000	95.00	Brokerage House
Provincia Seguros de Vida S.A.	13,068,932	45.00	Life Insurance
Provincia ART S.A.	1,771,400	98.63	Workers' Compensation Insurance
Provincia Leasing S.A.	135,459	97.00	Leasing
Bapro Mandatos y Negocios S.A.	12,835,458	97.00	Business Promotion, Management and Representation
Bapro Medios de Pago S.A.	28,426,757	97.00	Means of Payment and/or Credit and Systems Management

10.2 Closing Balances of Transactions with Related and Controlled Companies

ITEM	12/31/14	12/31/13
Assets	**266,659**	**142,830**
Loans	264,891	134,005
Other Receivables from Financial Brokerage	1,768	8,825
Liabilities	**1,100,977**	**379,246**
Deposits	1,100,977	379,246

10.3 Income/(Loss) from Transactions with Controlled and Related Companies

ITEM	12/31/14	12/31/13
Financial Income/(Loss)	**(57,825)**	**(29,091)**

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Banco Provincia

Notes to the Financial Statements

AT DECEMBER 31, 2014 AND COMPARATIVE PERIODS
(In thousands of Pesos)

ITEM	12/31/14	12/31/13
Income	38,225	17,122
Expenditure	(96,050)	(46,213)
Income/(Loss) from Services	**(78,389)**	**(38,640)**
Income	138,513	92,888
Expenditure	(216,902)	(131,528)
Miscellaneous Income	**302,140**	**3,305**
Income on investments	298,375	-
Other	3,765	3,305
Administrative Expenses	**(47,089)**	**(35,880)**
Miscellaneous Losses	**(1,419)**	**(82,508)**
Income on investments	-	(79,300)
Other	(1,419)	(3,208)
Total	**117,418**	**(182,814)**

11. Deposit Guarantee Insurance

According to the provisions of article 14 of the Bank's Charter, the Province of Buenos Aires guarantees all deposits placed with, and all bonds and other securities issued by Banco de la Provincia de Buenos Aires. Therefore, and due to its special legal status mentioned in Note 1 to these Financial Statements, the Bank is not included within the Deposit Guarantee Insurance System established by Law No. 24485 and regulated by National Executive Orders Nos. 540/95 and 1292/96.

However, in order to contribute –together with the rest of the Financial System– to the above protection mechanism, the Bank has decided its voluntary and temporary inclusion since 1997 in the Deposit Guarantee Insurance System for Private Sector deposits.

This decision was informed to Seguros de Depósitos S.A. and the Argentine Central Bank.

12. Fiduciary Activities

By Resolution No. 207 dated February 1, 2001, the Board of Directors approved the wording of the trust agreement under the terms of Provincial Law No. 12511 to be entered into by the Bank, as trustee, the Ministry of Public Works and Services of the Province of Buenos Aires, as enforcement authority of the liens created by Decree Laws Nos. 7290/67 and 9038/78 and Law No. 8474, the Province of Buenos Aires Housing Institute (*Instituto Provincial de la Vivienda*) as the entity in charge of collecting the proceeds from the National Housing Fund (*Fondo Nacional de la Vivienda*), and the Board of Directors of the Trust Fund for the Development of the Provincial Infrastructure Plan (*Fondo Fiduciario para el Desarrollo del Plan de Infraestructura Provincial)* whereby the Province of Buenos Aires acts as trustor under this trust agreement. The Bank signed the agreement on February 26, 2001. The purpose of the trust is to act as guarantor and/or favor of the works carried out under Law No. 12511. At December 31, 2014 and 2013, total Assets held in trust amounted to $1,078,159 and $835,474, respectively.

On February 28, 2007, the Bank, in its capacity as trustee, and the Social Security Fund for Surveyors, Architects, Engineers and Technicians of the Province of Buenos Aires *(Caja de Previsión Social para Agrimensores, Arquitectos, Ingenieros y Técnicos de la Provincia de Buenos Aires)*, in its capacity as trustor and beneficiary, agreed on the creation of a trust for the administration of the funds corresponding to the capitalization system, according to the provisions of section 64 of Law No. 12490. At December 31, 2014 and 2013, total assets held in trust by the Bank amounted to $1,417,431 and $1,049,788, respectively.

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(Partner)

Fernando L. Arriola General Accountant	Marcelo H. García General Manager	Gustavo M. Marangoni President	C.P.C.E.P.B.A. Vº 1 Fº 33 Folder 33 Teresita M. Amor Public Accountant (U.B.A.) C.P.C.E.B.A. Volume 139 – Folio 61 Folder No. 35,957/2 Taxpayer Registration Code 27 - 13802361 - 9

(In thousands of Pesos)

By Resolution No. 177/13 dated February 21, 2013, the Board of Directors approved the trust agreement of the Province of Buenos Aires Trust Fund for Transport Infrastructure System, to be subscribed between the Bank, as trustee, and the Ministry of Infrastructure of the Province of Buenos Ares, as trustor. The purpose of the agreement is to finance, according to the method instructed by the Executive Branch, plans and projects destined to the construction of roads of the main and secondary road networks of the Province of Buenos Aires, as well as those works and actions to maintain them. At December 31, 2014 and 2013, total assets held in trust by the Bank amounted to $586,704 and $365,703, respectively.

By Resolution No. 60/14 dated January 16, 2014, the Board of Directors created the “Financing and Technical Assistance System for Housing Improvement”. This Trust Fund aimed at providing financing to low-income families with housing deficit which do not qualify for loans due to their low income o lack of guarantees. At December 31, 2014, total assets held in trust by the Bank amounted to $85,672.

13. Issue of Negotiable Bonds

At December 31, 2014 and 2013, the Bank had no programs for Negotiable Bonds.

14. Derivative Instruments

- Forward transactions without delivery of the underlying asset

As of December 31, 2014, the Bank entered under the “Memorandum Debit Accounts – Derivatives" caption $46,454 representing balances from obligations under forward transactions without delivery of the pertinent underlying asset, as established in BCRA’s Communication “A” 4454: “Compensated Forward Transactions - Open Electronic Market (OCT-MAE)”.

At December 31, 2013, the Bank recorded $195,705 in the “Memorandum Debit Accounts – Derivatives” caption.

- Forward transactions with delivery of the underlying asset

At December 31, 2014 and 2013, the Bank recorded $3,075,687 and $395,973, respectively, accounting for swaps valued as stated in Notes 3.5 and 3.6.

Moreover, at December 31, 2014 and 2013, forward transactions were recorded by the Bank for $46,454 and $80,553, respectively.

At the date of these Financial Statements, the Bank recorded $96,969 under the “Investment in Listed Corporate Securities” caption.

15. Compliance with the Requirements of the Argentine Securities Commission (Comisión Nacional de Valores - CNV)

At December 31, 2014 and 2013, the Bank's net worth surpassed the level required by this regulatory entity to act as Over-the-Counter Broker (See Note 18.9).

The Bank is the depositary institution of the following Mutual Funds, the net assets of which at December 31, 2014 and 2013 are detailed below:

	12/31/14	12/31/13
1822-Raíces Valores Negociables	34,268	16,485
1822-Raíces Renta Pesos	19,813	14,496

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1822-Raíces Renta Global	63,683	42,131
1822-Raíces Pesos Fondo Común de Dinero	890,896	508,080
Provincia Dólares Fondo Común de Dinero	336	458
1822- Raíces Inversión	26,853	25,045
1822 Raíces Valores Fiduciarios	193,650	93,278

These Mutual Funds are recorded by the Bank in the "Memorandum Accounts - Items in Safekeeping" caption.

16. Regularization and Reorganization Plans

On March 4, 2011, the BCRA issued Resolution No. 92 restating the Regularization and Reorganization Plan according to the provisions of section 34 of the Law of Financial Institutions and granting new facilities and exemptions since those approved under Resolution No. 81 dated 28 March 2001 could never be implemented or became inappropriate due to the events subsequent to that date.

The exemptions and facilities contained in the Resolution relate to prudential regulations on minimum capital requirements, exemptions on frozen assets, credit risk diversification (including limits on Public Sector Financing), setting up of minimum cash requirements through judicial deposits, valuation of guaranteed bonds at their technical value till maturity, agreement for provincial bonds to be valued at their listed price at September 30, 2010 plus accrual at the internal rate of return. The BCRA also requested the Bank to submit, within 180 days after being notified, a proposal stating a deadline for adjusting interests in related companies in accordance with the regulations in force.

As previously mentioned and in order to ease the fulfillment of the Regularization and Reorganization Plan, Resolution No. 92/11 provides for certain facilities and exemptions approved by the BCRA. It also stated that in case of significant diversions affecting the estimated projections or in case of events preventing the Bank from complying with the expected technical ratios, the Bank shall submit a new proposal to solve such diversions. Should such measures not be enough to correct them within the stipulated period, the whole plan will be deemed unfulfilled.

As stated in this Resolution, paragraph 3, since September 1, 2011, the Bank sent, on a quarterly basis, to the BCRA the report covering the periods from September 30, 2011 to June 30, 2012. On September 1, 2011 the Bank also submitted a letter related to compliance with provisions set forth in paragraph 9, informing that it is currently analyzing the prospects of the related companies detailed in such Resolution and that the Province of Buenos Aires' authorities have not yet taken a decision regarding the transfer of ownership of Provincia ART. Likewise, on August 31, 2011, the BCRA received the report required in paragraph 8 of the above mentioned Resolution.

According to BCRA's Communication "A" 5272, on September 29, 2012, Banco Provincia submitted its 2012-2014 Business Plan to the Argentine Central Bank. On October 31, 2012, the Bank requested the BCRA's approval to submit in mid-December 2012 the restatement of the projections included in the Regularization and Reorganization Plan based on the Province of Buenos Aires' financial needs stated in the 2013 Budget.

On November 9, 2012, the BCRA issued Communication "A" 5369 in force as from January 1, 2013, which significantly modifies regulations on minimum capital requirements and integration for Financial Institutions and the risk-weight table. Taking into account the option specified by Basel II rules that allows to mitigate the weighting of exposure to the public sector, it was decided that such exposures, both direct or through a trust, denominated or funded in pesos, will be weighted at 0%. Foreign currency-denominated loans to the public sector will continue being weighted at 100%. Likewise, loans to individuals and micro and small and medium enterprises, as well as mortgage loans for the purchase of a sole family house will be weighted at 75% and 35%, respectively, subject to certain conditions. Under the new rule, the weighting factors are lower than those currently in force (100% and 50%, respectively).

It also includes supplementary amendments for determining the adjusted net worth that will be in force as from February 1, 2013.

At the same time, rules on minimum capital requirements related to interest rate risk pursuant to BCRA's regulations become ineffective, but financial institutions shall continue managing this risk.

On January 10, 2013, the Bank's Board of Directors approved the 2013-2018 Strategic Plan including these changes. This Plan was submitted to the BCRA on January 15, 2013 to redefine the Compliance Schedule, which was originally approved by Resolution No. 92 of the control authority dated March 4, 2011. The Bank requests the maintenance of certain exemptions contemplated in such Resolution, additional exemptions, and an extension of the provisions of the above Resolution until the earlier of December, 2018 or the date of final compliance due to the Bank's failure to meet the Minimum Capital Requirements. As a result of the events occurred mainly in the city of La Plata and certain adjustments and/or clarifications that have to be made according to meetings held with the BCRA, on April 30, 2013 the Bank delivered a note to the regulatory body requesting its authorization to redefine the 2013-2018 Strategic Plan considering the current situation, and to submit it on May 31, 2013, including provisional figures which are being analyzed by the BCRA.

Since, at December 31, 2013, the Bank had not complied with all the commitments undertaken through Resolution 92/11 and so as to complement the actions taken, on January 27, 2014, the Bank submitted a note to the Central Bank requesting to maintain such exemptions in full force and effect until the resolution of the current situation, and allowing to contemplate the impact of regulatory and legal changes both on the Bank's Charter and on the requirements of the Fiscal Responsibility Act and enabling to continue with the actions taken in 2013.

On June 26 and July 22, 2014, the Bank submitted to the BCRA its 2014-2018 Compliance Schedule. Its main purpose is to achieve the Bank's self-capitalization trough the generation of earnings, its inclusion in the prudential solvency rules and the maintenance of certain exemptions contemplated in Resolution No. 92/11 issued by the Superintendency of Financial and Exchange Institutions of the Argentine Central Bank (*Superintendencia de Entidades Financieras y Cambiarias - SEFyC*) on March 4, 2011. The Bank also requested additional exemptions related to advances made by the Bank to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel, Bond received pursuant to the Debt Consolidation Agreement between the Bank and the Province of Buenos Aires (Executive Orders No. 2094/12 and 2190/12), Unified Fund of Official Accounts, General Exchange Position, Financial assistance to provincial municipalities, Minimum Capital Requirement for Interest Rate Risk, Minimum Capital Ratio, calculation of loans for Productive Investment and licensing of service units.

On December 18, 2014, the Bank submitted to the BCRA its 2015-2018 Compliance Schedule. Its main purpose is to achieve self-capitalization trough the generation of earnings, its inclusion in the prudential solvency rules and the maintenance of certain exemptions granted by Resolution No. 92/11 and other additional exemptions applied by the Bank contained in its 2014-2018 Compliance Schedule.

At the date of issuance of these Financial Statements, the BCRA made no comments regarding the above requests.

Guaranteed Bonds – Executive Order No. 1579/02 (Bogar 2018) (See Note 3.18) have been valued and these Financial Statements have been prepared taking into account the exemptions granted by the BCRA pursuant to Resolution 92/11. Therefore, they must be construed accordingly.

17. Publication of Financial Statements

In accordance with the provisions of Communication "A" 760, the BCRA's prior approval is not required to publish these Financial Statements.

(In thousands of Pesos)

18. Other

18.1. Items Pending Allocation

This caption, appearing in both Assets and Liabilities, includes the following peso and foreign currency items:

	12/31/14		12/31/13	
	Assets	Liabilities	Assets	Liabilities
. Funds pertaining to the Bank	9,130	3,114	12,838	4,423
. Third-party Funds	345	1,523	516	2,905
. Other	37,207	26,129	28,632	16,610
Total	**46,682**	**30,766**	**41,986**	**23,938**

These items are monitored and cleared by the Bank, carrying out a regular follow-up of their breakdowns and control over different items. This has enabled the Bank to reduce the number of unresolved cases. Therefore, at December 31, 2014, there appears no significant balance inconsistent with the regular transactions usually carried out by the Bank.

18.2. Contributions to Health and Social Services and Social Security

The Bank contributes to the Health and Social Services Commission (*Comisión de Servicios Sociales*), which arranges for the distribution of funds among its affiliated entities. Therefore, the Bank is not bound to make contributions to the Health and Social Services Institute for Bank Employees (*Instituto de Servicios Sociales Bancarios*), according to the provisions of Law No.19322, section 17.

Retirement and pension contributions are made to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel governed by Provincial Law No. 11761 in force until November 2008 and by Provincial Law No. 13873 effective since December 1, 2008. Therefore, the Bank is not required to contribute to any other retirement and pension fund system.

At December 31, 2014 and 2013, the Bank recorded $3,772,736 and $1,606,139 under the “Miscellaneous Receivables” caption on account of advances of contributions granted to such entity. The purpose was to cover the deficit in pension payments until transfer by the Province of Buenos Aires of the pertinent funds.

18.3. Issuance of Government Bonds by the Province of Buenos Aires

On July 31, 2013, through Executive Order Nº 1620 dated December 28, 2012, the Bank was informed that the Provincial Executive Branch provided for the issuance of a Government Security with a nominal value of $350,000 to partially settle debts arising from advances made by the Bank to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel to cover the deficit recorded in 2012, according to the provisions of section 56 of the Provincial Budgetary Law Nº 14331.

On such date, the Bank was also informed that, through Executive Order Nº 2094 of December 28, 2012, the Provincial Executive Branch approved the “Debt Consolidation Agreement" between the Provincial Ministry of Economy and the Bank providing for the reciprocal offsetting of claims, as identified and approved by the parties involved. After signing the pertinent agreement, a claim for $3,435,991 resulted in favor of the Bank which shall be settled by the Province through the delivery of a Government Security, at its nominal value up to the total contractual amount, repayable at 6 years from issuance date (December 28, 2012), according to the terms and conditions stated in Provincial Executive Order No. 2190/12.

In December 2014, the Bank was informed about the issuance of Executive Orders Nos. 1679 and 1680 dated December 30, 2013.Through Executive Order No. 1679/13, the Provincial Executive Branch provided for the issuance of a Government Security with a nominal value of $1,599,161 to partially settle debts arising from advances made by the Bank to the Retirement and Pension Fund for Banco de la Provincia de Buenos Aires Personnel to cover the deficit recorded in 2013. (See Note 18.2.)

Through Executive Order No. 1680/13, the Addendum to the Debt Consolidation Agreement dated December 28, 2012 was approved and duly signed by the Provincial Ministry of Economy and the Bank on December 30, 2013, thus amending the terms and conditions of the security approved under Executive Order No. 2190/12.

At the date of issuance of these Financial Statements, the Government of the Province of Buenos Aires has not issued the mentioned securities yet, since the required approval from the National Ministry of Economy is still pending.

18.4. Participation in the Private Financial Trust of Secured Loans

Resolution of the Board of Directors No. 481, dated March 27, 2002, approved the participation of the Bank in the granting of a liquidity facility to Banco de Galicia y Buenos Aires S.A. by means of the subscription of Debt Securities for up to $81,000. Resolution No. 576 issued by the Board of Directors on April 18, 2002 approved the Financial Trust of Secured Loans dated April 16, 2002 under Resolution No. 481/02, the main terms of which are:

- Trustor: Banco de Galicia y Buenos Aires S.A.
- Trustee: Bapro Mandatos y Negocios S.A.
- Assets held in Trust: National Secured Loans resulting from the exchange of Fixed Rate - Global Bonds 2008 under Executive Order No. 1387/01.
- Nominal Value: $81,000
- Subscription Price: 100% of Nominal Value.

The pertinent debt instruments were issued on May 6, 2002, with income accruing from that date.
On January 23, 2009, Bapro Mandatos y Negocios S.A. exchanged NV US$72,853 of Secured Loans at fixed rate-Global 2008 for a Promissory Note 2014 at Badlar BP + 275, out of Debt Securities for NV $157,355 held by the Bank in the Galicia Financial Trust.

At December 31, 2013, those instruments were recorded under the “Other Receivables from Financial Brokerage” caption for $77,679 and were settled by the Bank on February 11, 2014.

18.5. Branches Abroad

On March 19, 2009, by Resolution No. 324/09, the Bank’s Board of Directors decided the closing of its Grand Cayman Branch and informed by letter to the Cayman Islands Monetary Authority accordingly.

Annex to the Closing Action Plan includes the External Auditors’ Report at July 31, 2010 stating that “no new accounts have been opened and no new deposits have been taken since May 31, date from which the branch is no longer operative; no loans have been written-off and there have been no purchase of investments nor new financings. On July 14, 2010, the Provincial Bonds were transferred to the Bank’s Home Office, as duly authorized.”

Therefore, the activities of the branch are limited to collections and payments under residual transactions.

Moreover, in view of the need to rebuild the capital structure of its Montevideo Branch, affected by the transfer of the deposit portfolio and other assets from the Grand Cayman Branch, on January 27, 2011, the Bank’s Board of Directors issued Resolution No. 107/11 and resolved to increase the Montevideo Branch’s authorized capital to US$40,000 and to capitalize such branch by about US$24,000. At the date of issuance of these Financial Statements, such capitalization was still pending due to the existing restrictions on foreign currency transfers.

18.6. Market Discipline

As required by Communication “A” 5394, the “Institutional” tab of the Bank’s web page (www.bancoprovincia.com.ar) contains a document entitled “Market Discipline – Minimum Disclosure Requirements” which provides data regarding its structure, capital adequacy, risk exposure and general management.

18.7. Settlement of debts with National Public Debt Bonds.

National Executive Order No. 469/02 dated March 6, 2002 regulated the procedure for settling debts with the Financial System provided for by Executive Order No. 1387/01, sections 30 a) and 39, as amended and supplemented by Executive Orders Nos.1524/01 and 1570/01.

By Communication “A” 3398, the BCRA regulated the settlement with National Public Debt Bonds of debts owed by debtors classified under categories 1, 2, 3, 4 and 5 at August 2001, conditioning the settlement of debts owed by debtors in categories 1 to 3 to the prior approval of such Institution.

Under the above procedure, 327 debtors paid off principal and interest debts for $102,749 between February 14, 2002 and May 15, 2002.

Government securities received in settlement of the above debts were included in the Bank’s net worth at the higher of the Bond’s price or the book value of the loan paid off, net of allowances. Such government securities were delivered to the National Government in exchange for Secured Loans under Executive Order No. 1387/01.

In addition, 276 debtors classified under categories 1 to 3 at August 2001 brought legal actions against the Bank to protect their rights (*amparos*) since the above method was not accepted to pay off their debts. As a consequence, precautionary measures prohibiting the Bank from changing the customer’s situation until rendering of final judgment were issued in favor of debtors, thus preventing any legal action against them. The Bank has been legally defending its rights and has analyzed whether pending actions are similar to the case seeking declaration of unconstitutionality entitled “Agüero Máximo José y Ovejero Cornejo de Agüero, Teresa c/ Banco de la Nación Argentina s/ Acción Declarativa de inconstitucionalidad” where judgment has already been rendered by the Argentine Supreme Court. The analysis reveals an 80% similarity in allegations of facts.

At the date of these Financial Statements, the Bank may assure that 34% out of all pending trials will not have adverse effects on it; that is, even though the trial is in process, the alleged claim is already settled. With the intention of terminating court actions, various petitions defending the Bank’s interests have been filed; however, the favorable decisions obtained could not be executed yet due to delays in Federal Courts attributable to the high volume of cases dealing with *“corralito”* matters.
Mention should also be made that 60% of such actions are pending in the jurisdiction of La Plata, where the above ruling by the Argentine Supreme Court has been adhered to by all instances.

Therefore, the Bank estimates that the remaining cases would not significantly impact on its net worth since, although trials are in process, they have no negative bearing on the provisions it has set up.

18.8. Risk Management Polices

The Bank has in place a comprehensive risk management policy according to the guidelines on risk management in financial institutions laid down by the BCRA. Those strict guidelines are intended to align local processes with the best international practices in force.

Risk Management – Structure and organization, approval and exceptions to existing limits

In accordance with Communication “A” 5203 issued by the BCRA, in early 2012, the Board of Directors approved the structure necessary to perform a comprehensive risk management in terms of size, economic relevance, nature and complexity of the transactions carried out by the Bank. For that purpose, the Bank

created the Risk Administration Management consisting of the following deputy department managements: “Financial Risk”, which measures market, interest rate, liquidity and strategic risks; “Operational Risk”, in charge of monitoring reputational risk; and “Credit Risk”, which carries out the follow-up of concentration, country, counterparty and residual risks. Moreover, the Risk Committee was created to give an institutional treatment to policies, strategies and procedures for risk management pursuant to the prevailing regulations and best practices, ensuring their correct implementation and compliance.
Management procedures and policies are defined according to the Bank’s overall risk level.

Scope and nature of risk reporting and risk measurement systems

An Early Warning Risk Indicator System (SIRAT) is used to ensure an adequate and comprehensive monitoring and follow-up of the risks to which the Bank is exposed. This system is subject to the Board of Director’s guidelines and the regulations in force. It works as a balanced scorecard tool that includes a set of key risk indicators for each significant risk; contingency and management limits are also established for financial and credit risks.

As credit risk limits are understood as a dynamic process that identifies the Bank’s risk appetite, they were redefined in 2014. The Risk Committee is monthly informed about the different portfolios, their composition, exposures, lines of business and nonperforming levels as against the rest of the system. Significant macroeconomic and financial variables are also monitored to avoid potential negative effects on customers’ behavior. Credit risk measurement systems are calibrated to the extent that the updating and improvement of data quality and processing so allow.

Market risk is managed by keeping daily track of the Bank’s financial asset position. Compliance with imposed management and contingency limits is daily monitored using the “Value at Risk” calculation method, with a 99% confidence level. This methodology is used for calculating regulatory capital requirements and estimating economic capital for market risk. Additionally, the Bank makes an ongoing follow-up of the conditions in local and international financial and monetary markets, with special emphasis on the control of different market risk factors (interest rates, prices of government securities, exchange rates, etc.)

Liquidity risk is managed through the daily monitoring of a wide set of indicators. Contingency and management limits were set for the most outstanding indicators in terms of the Bank’s risk profile. Particularly, liquidity risk is tracked by monitoring the following variables, among others: liquidity ratios (basic and broad, in pesos and in foreign currency), deposits (evolution, average terms, demand deposits against term deposits, share of retail and wholesale deposits, etc.), loans (growth pace of deposits, average terms and rates, etc.) and borrowing interest rates (of the Bank and the average financial system for the retail and wholesale segments).

Moreover, through the development of a liquidity GAP assessment tool, the Bank manages the inflows and outflows of funds for different time periods. The liquidity GAP tool helps calculate any asset/liability mismatch at a certain date and for accumulated time periods (both in the contractual GAP or current GAP versions where some assumptions on the asset/liability performance are included).

Concentration risk is managed through the analysis and monitoring of a set of metrics intended to limit excessive funding concentration. It is measured from a three-fold focus: “by client” – focusing on the evolution of exposures to a single client or group of large depositors-; “by category” – monitoring the exposure of depositors sharing similar characteristics- and “by product” – analyzing concentration levels according to the diversity of products offered by the Bank.

There are two different ways of approaching interest rate risk management: financial margin and economic value. Financial margin estimates the potential impact of increased interest rates on the net financial income expected for the next twelve-month period. Economic value calculates the potential variation in the Bank’s economic value in case of an increase in interest rates.

Strategic risk management is mainly addressed through a careful analysis of quarterly deviations from the Business Plan, using a macroeconomic approach that helps understand the Bank’s operating context so as to identify whether deviations from goals arise from exogenous or endogenous factors.

Such analysis also includes the quarterly calculation of the economic value of the strategic risk for the periods ended March, June, September and December of each year. Three segments are considered: 1) Income/loss and financial position deviations from the Business Plan; 2) Deviations from the Efficiency Indicators set in the Business Plan and 3) Bank vs. System Indicators.

Operational risks are still managed by collecting operational risk events – for the purpose of complying with the prevailing reporting requirements, managing risks internally and performing operational risk self-assessments. To this end, new assessment guidelines were defined which are grounded on expert judgment. Risk indicators are still managed and outsourced activities and new products are also analyzed. Reports are regularly produced for internal distribution.

Reputational risk management entails the production of regular reports and the monitoring of key indicators based on data collected from different sources (social networks, mass media, in-house information on complaints lodged by customers and non-customers). During 2014, progress was made on the analysis of guidelines to calculate economic capital requirements for this risk.

Risk coverage and mitigation policies; procedures to test coverage efficiency

With respect to credit risk, the Bank estimates the Probability of Default (PD) for each loan portfolio, adjusting the pertinent methodologies on a case-by-case basis. In order to analyze risk coverage, the Expected Losses (EL) for the different loan portfolios are measured and subsequently matched against allowances; the economic capital (EC) required is calculated to protect the Bank against unexpected losses.
Three essential parameters are used in the calculation of EL and EC: probability of default (PD), exposure at default (EAD) and loss given default (LGD). PD and EAD are calculated on the basis of historical information available in databases while LGD is based on conservative assumptions assigned to transactions according to the collateral involved. The credit rating tools (ratings and scorings) assess the risk inherent in each transaction, facility or customer according to their credit quality by assigning them a score.

Credit risk for the Bank's portfolio is measured through a model where the effects of concentration and diversification are analyzed. This model enables a more comprehensive calculation of capital needs considering that risk comes from various sources. It is sensitive to geographic and sector diversification and to the concentration that may exist in certain exposures, such as the Bank's largest customers.

A method was specifically developed for monitoring country risk and quantifying its effect on the Economic Capital.

Both the position and the value at risk of each financial asset exposed to market risk are controlled daily. Market risk is mitigated by selling long positions or matching short positions, verifying afterward the effective risk reduction.

The Bank carries out a conservative strategy for the coverage of liquidity risk, taking into account that deposits are its main source of funding. Liquidity risk is daily managed through a large set of indicators. The determination of certain risk levels (thresholds, management and contingency limits) and the early warning detection methodology allow an ongoing monitoring of liquidity risks.

The interest rate risk is one of the most complex financial risks to be covered. Liabilities with an average life shorter than assets constitute a distinctive feature of commercial banks, representing the main source of interest rate risk. In this sense, mitigation measures include the risk analysis of new products, taking into account, among others, the following parameters: credit facility terms, type of interest rate (fixed, variable or mixed) and amortization system (German, French, etc.)

Workshops and training courses intended to spread the operational risk culture bank-wide were held throughout the year.

The methodology timely approved for integrating technological and operational risks continued during 2014; an application for managing such integration was analyzed and developed. In broad terms, general tasks include: 1) definition of the applications to be used by each business process; 2) determination of the relevance percentage of each application within the business process; 3) identification of IT solutions (Information Assets); 4) classification of IT solutions according to technological risk; 5) calculation of the aggregated technological risk indicator; 6) concentration of Operational Risk information; 7) Operational Risk/Technological Risk integration.

Transparency Policy on Corporate Governance

In compliance with the provisions of the Law of Financial Institutions No. 21526 and the regulations issued by the BCRA, the Bank has implemented an Institutional Governance Code taking into consideration the above guidelines.

On March 7, 2012, the BCRA issued Communication “A” 5293 requiring financial institutions the publication of information on their Transparency Policy as regards Corporate Governance. The Code implemented by the Bank contemplates its prevailing regulatory framework. It includes the following information:

Structure of the Board of Directors

The Bank’s Charter was enacted by Decree Law No. 9434/79. It includes the amendments introduced by Decree Law No. 9840/82 and has been ordered in accordance with Executive Order No. 9166/86. It also includes several amendments introduced by other provincial laws, and is the main Law governing the operations of the Bank. It consists of 15 chapters regulating the Bank’s activities, transactions, functions and administrative and governance responsibilities.

The administration of the Bank shall be vested in a Board of Directors consisting of one (1) Chairman and eight (8) voting members, all of whom shall be of Argentine nationality. They shall be appointed by the Provincial Executive Branch and the approval of the Senate of the Province of Buenos Aires shall be required. The Chairman and the voting members shall be duly qualified for their offices.

Members shall hold office for a term of four (4) years and may be re-elected. One half of the voting members shall be renewed every two (2) years.
Legislators, judges, mayors and city council members; wage-earners, salaried employees or officers of the national, provincial or municipal governments, as well as administrators, chairmen, directors, managers or employees from other banks shall not be eligible as Chairman or as members of the Board of Directors. Any individual holding office in any economic or financial coordination government agency, whether at the national, provincial or inter-provincial level, as well as any individual holding a teaching or educational position shall be exempted from the above-mentioned disqualifications.

At its first meeting held every year, the Board of Directors shall elect from its own number a Vice-Chairman and a Secretary.

Any vacancy of the office of Chairman or Director shall be filled by a substitute appointed for the remaining term. In case of absence or inability of the Chairman, his/her powers and duties shall devolve on the Vice-Chairman. Should both of them be absent, the Board of Directors shall be chaired by the eldest director. In the event of absence or inability of the Secretary, the Board of Directors shall appoint a substitute.

Structure of the General Management

The Charter also establishes that the management of the Bank shall be vested in a General Manager and, as applicable, in a Senior Deputy General Manager.

The Board of Directors shall regulate the duties to be performed by the members of the General Management and the General Manager shall be the Chairman's and Directors' immediate advisor.

They shall have the necessary qualifications and expertise in financial matters to administer and manage the banking business as well as the adequate control of the personnel under their direct supervision.

Commissions and Committees

The Bank has Internal Governing Rules in place regulating the operation of the Board of Directors' Commissions and Committees. Such rules provide for the duties and responsibilities of the members of such Commissions and Committees, which shall be composed as follows:

Coordinator: A Director appointed by the Chairman of the Board of Directors
Members:
- At least three Directors, including the Coordinator, appointed by the Chairman.
- Members of the General Management (General Manager, Senior Deputy General Manager or Deputy General Managers) in charge of supervising the pertinent commission or committee's areas of responsibility.
- Officers in charge of the units engaged in the activities under the responsibility of the pertinent commission or committee (minimum rank: Senior Deputy Department Manager).
- Secretary of the Commission appointed by the Chairman.

Board of Directors' officers and collaborators may attend as participants, if necessary.

The Bank provides for the operation of the following Commissions and Committees, the purpose, composition and meeting frequency of which are detailed in the Institutional Governance Code:

- Auditing Committee
- Administration Commission
- Assets and Liabilities Management Committee
- Loans Committee
- Anti-Money Laundering Committee
- Internal Affairs Commission
- Legal Affairs and Delinquency Commission
- Human Resources and Branch Network Commission
- IT and Operations Committee
- Marketing and Credit Policy Commission
- Finance Commission
- Risk Committee
- Institutional Governance, Ethics and Compliance Committee
- Sustainability and Quality Management Commission
- Business Units Commission

Organizational Structure

At December 31, 2014, the Bank has 10,510 employees and a network for the distribution of products and services consisting of 293 branches, 53 delegations and 35 annex buildings throughout the Province of Buenos Aires and the Autonomous City of Buenos Aires.

The following officers and units shall report to the Board of Directors/Chairman:

- Advisory Counsel to the Board of Directors
- Assistant Advisory Counsel to the Board of Directors
- Chairman's Advisory Board
- General Advisor on Financial Policies and Capital Markets
- Minutes Secretary
- Internal Affairs
- Internal Audit Unit
- Management Control, Risk Administration and Economic Research Unit
- Corporate Communication Unit
- Anti-Money Laundering
- Chairman's Secretary's Office
- Dr. Arturo Jauretche Study and Research Center
- C.I.S.B.A. (Socioeconomic Research Center - Buenos Aires)
- Special Projects and Business Development Unit

- Logistics Department

The following areas shall report to the General Manager:

- Deputy General Management – Finance
- Deputy General Management – Marketing and Loans
- Deputy General Management – Legal Affairs
- Deputy General Management – Administration
- Deputy General Management – Processes and Technology
- Deputy General Management - Services and Operating Control
- Security
- Credit Assessment
- Human Resources
- Administrative and Professional Support Unit

Information on economic incentives to staff members

The Board of Directors is responsible for defining the incentive policy for staff.

Likewise, according to the provisions of Bank's Administrative Manual, the implementation of general incentive programs is within the scope of the Human Resources Management together with the Human Resources and Branch Network Commission.

The Human Resources and Branch Network Commission shall:

- Propose policies on staff recruitment, training and termination, including personnel's salaries.
- Review and promote policies on economic incentives to staff, ensuring their consistency with the culture, goals, long-term businesses, strategy and condition of the Bank.
- Submit to the Board of Directors, together with its opinion, issues related to internal rules of procedure regarding personnel and in-house recruitment, creation of job positions and creation or changes of organizational structure.
- Propose updates on the classification of business units and actions destined to improve integrated commercial activities and customer service quality.
- Identify training needs on commercial issues (products, specific campaigns, customer service and its quality).

The pattern of salaries is of a universal nature. It is based on the pay scale applicable to the whole banking industry with certain extra payments according to employee's specific rank within the bank, unfavorable working areas, business units located far from urban zones or certain operative offices.

With respect to staff performing duties in overseas branches, salaries are proposed by the Foreign Trade Management taking into account the status of the branch and the remuneration level paid in the pertinent local market.

The Bank assesses staff performance by means of an annual performance assessment and management system and a semiannual follow-up report. This tool has neither direct nor immediate impact on staff remuneration but affects promotion expectations since the corresponding result is taken into account when analyzing future promotions or job changes.

The model in use assesses employees' capabilities, as previously described for the different positions to be filled.

It is worth mentioning that in case of adverse individual performance indicators, the Bank takes measures which are not related to the remuneration level (for example: educational or training actions).

Likewise, the measurement of business goals in certain positions results in additional payments which are closely linked to the duties actually performed.

Finally, variable remuneration is not provided.

Business Conduct Policy and/or Ethics Code, and Applicable Governance Policy or Structure

The Bank has established that its employees, irrespective of their type of labor relationship, shall avoid any situation that may give rise to a conflict of interest, whether private or personal, capable of compromising the impartiality and objectivity required for the performance of their duties.

Private or personal interests shall mean any benefit in favor of the employee, his/her family members or close friends and/or any third party.

Under the Bank's Bylaws and Disciplinary Rules of Procedures, employees are obliged to decline any participation in an issue in which their involvement may be considered partial or morally incompatible; they must also report to the pertinent senior authorities any action or proceedings that may prove detrimental to the Bank or constitute a crime or administrative offence.

Such Bylaws provide that, notwithstanding any civil or criminal liabilities arising therefrom, infringements by employees may be subject to the following disciplinary measures:

- Reprimand
- Warning
- Conditional suspension
- Suspension
- Promotion postponement
- Demotion
- Layoff
- Dismissal

The scope and effect of these disciplinary measures, as well as the authority empowered to impose them upon administrative investigation, are defined in the pertinent regulations.

The Bank's Role as Financial Agent of the Non-financial Public Sector

As stated in the Charter, the Bank is the financial agent for the Government of the Province of Buenos Aires. It enjoys full autonomy and shall be exclusively administered by its Board of Directors.

The relationship between the Bank and the Provincial Executive Branch shall be held through the Ministry of Economy of the Province of Buenos Aires.

Conflicts of Interest Policies

The Bank laid out the guidelines to refrain from taking certain decisions that might involve conflicts of interest with respect to the activities and commitments of the members of the Board of Directors and the General Management with other organizations.

As stated in its Institutional Governance Code, and in order to encourage good institutional governance, the Bank seeks to properly disclose the information intended for depositors, investors and general public. For that purpose, it publishes in its web page www.bancoprovincia.com the following information:

a) Structure of the Board of Directors and General Management
b) Charter, Organizational Structure
c) Institutional Governance Code
d) Ethics Code and Manual of Good Banking Practices
e) Transparency Policy
f) Sustainability and Quality Policy
g) Conflicts of Interest Policy
h) Code of Conduct in the role as Settlement and Clearing Agent

(In thousands of Pesos)

i) Role as Financial Agent of the provincial public sector
j) Market Discipline. Minimum Disclosure Requirements
k) Annual Report and Financial Statements together with their notes, exhibits and external auditor's report.

18.10 Situation of the Capital and Financial Markets

The Capital Markets Law No. 26831, enacted on December 27, 2012, provides for a comprehensive reform of the public offering regime created by Law No. 17811.

This law refers to certain matters affecting business activities such as the increase of the National Government's regulatory powers on public offering to be exercised through the Argentine Securities Commission which shall have authorization, supervision and control powers as well as disciplinary jurisdiction and shall set rules to govern all capital market players. Moreover, it is no longer required to be a shareholder to trade in the market as intermediary agent, thus allowing other participants to enter the market and delegating on the CNV the authorization, registration and regulation of different categories of agents.

Executive Order No. 1023/13 partially regulating the Capital Markets Law and CNV General Resolution No. 622 approving the pertinent regulation were published in the Official Gazette on August 1, 2013 and September 9, 2013, respectively.

Such set of rules creates a registry of agents participating in the capital market. To engage in each activity regulated thereunder, agents are required to be registered with such Registry at or before March 1, 2014.

On November 29, 2013, an online appointment request was submitted before the Registry of Agents at the National Securities Commission's web page. The date for submission of documents was scheduled for February 21, 2014.

Resolution of the Board of Directors No. 2/14 dated January 2, 2014 provided for the registration of the Bank with the Registry of Agents as Settlement and Clearing Agent, Trading Agent and Escrow, Registration and Paying Agent. The General Manager was also entrusted with the coordination tasks to be performed by the participating department managements in order to attain the mentioned goal.

The National Securities Commission granted the pertinent approval on September 19, 2014.

18.11 Compliance with the provisions to act in the different categories of Agents defined by the CNV

In view of the operations currently performed by the Bank and considering the different categories of agents defined in CNV General Resolution No.622 (see Note 18.8), the Bank has filed a registration request before the control authority to act as: Settlement and Clearing Agent and Trading Agent - Integral.

It is also informed that the Bank's net worth surpasses the minimum net worth required by said rule, which amounts to $22,500.- as well as the minimum required counterpart contribution of $10,500 that, if applicable, will be covered with assets held in accounts opened with the BCRA as follows:.

BCRA	ITEM	12/31/14
111015	BCRA - Checking Account	5,877,458
111025	BCRA – Special Checking Accounts	-
115015	BCRA - Checking Account	4,242,160

18.12 Rules for the protection of financial service users

On June 10, 2014, the BCRA issued Communications "A" 5590 to 5593, which were immediately implemented after their issuance. They amended the provisions governing consumer and pledge loans and tightened control over interest rates, fees and charges.

The new measures provide:

a) for the application of benchmark interest rates for consumer and pledge loans granted to individuals (not MiSMEs) with a cap amount for the pertinent term and a multiplicative factor ranging from 1.25 to 2.00, depending on the type of loan and the Group to which the Bank belongs.

b) for the introduction of the "Nominal Annual - Total Financial Cost" concept in order to avoid distortions. It will be expressed as a nominal annual rate (percentage and two decimals) that will arise from adding the pertinent transactional fees and charges to the interest rate.

c) that financial institutions and non-financial issuers of credit cards shall obtain the prior authorization of the Central Bank to increase basic financial service costs and implement changes in the relevant items, all of which shall be formally requested to the BCRA.

At present, the mentioned rules have not significantly impacted on the Bank's financial statements.

Through Communication "A" 5640, the Central Bank provided that, as of October 8, 2014, interest rates for peso fixed-rate deposits held by natural persons shall not be lower than the benchmark borrowing interest rate monthly published by said institution. Should such minimum rate for savers be not applied, the Minimum Cash Requirement in Pesos will be increased by the amount of such deposits, as recorded in the month following default. No compensation among placements shall be accepted. However, failure to comply will enable the Superintendency of Financial and Foreign Exchange Institutions to start investigation proceedings.

18.13 Steps towards IFRS convergence

On February 12, 2014, the BCRA issued Communication "A" 5541 establishing the guidelines of a convergence plan towards the International Financial Reporting Standards (IFRS) for the institutions under its supervision. In 2015, financial institutions shall reconcile the main asset, liability and net worth items against the figures that would result from keeping up with the BCRA rules within the framework of IFRS convergence. As from January 1, 2017 financial institutions shall prepare their opening financial statements to be taken as a basis for comparison for the fiscal year beginning on January 1, 2018, when financial institutions shall start to record their transactions and equity variations according to the BCRA rules under the mentioned convergence plan. The Bank states that the convergence process is under way.

18.14 Penalties imposed on the Bank and administrative proceedings instituted by the BCRA

Penalties:

In File No. 2637/2011, the Financial Intelligence Unit (FIU) initiated investigation proceedings against Banco de la Provincia de Buenos Aires and Mr. Dámaso Larraburu, in his capacity as compliance officer, on account of the presumed lack of fulfillment of the duty to report the transactions made by Mr. Rodrigo Gabriel Mallea from March 20 to August 3, 2009 for a total amount of US$320,234. FIU's Resolution No.05/14 dated January 9, 2014, duly notified on January 10, 2014, imposes a penalty of $320,234 on both Mr. Dámaso Larraburu and Banco de la Provincia de Buenos Aires. Such measure is not final since direct appeals have been filed before the National Court of Appeals in Administrative Matters, Room I, where both actions are pending due to their interrelationship (cases entitled "BPBA c/ UIF S/ CP ley 25246 Dto 290/07 Art 25" and "Larraburu Damaso c/ UIF s/ CP ley 25246 DTO 290/07 Art 25"). According to Communication "A" 5689 issued by the BCRA on January 8, 2015, the Bank has set up a provision for 100% of the mentioned penalty.

Banco Provincia

Notes to the Financial Statements

AT DECEMBER 31, 2014 AND COMPARATIVE PERIODS
(In thousands of Pesos)

Administrative proceedings instituted by the BCRA:

Financial administrative proceedings – File No.1324/2010

Notice of these proceedings was served on February 8, 2012 and duly answered on February 16, 2012. Proceedings arise from the presumed breach of the duty to report the appointment of new authorities and the lack of submission or late submission of the documents related to such appointments from January 9, 2006 to October 13, 2006. The mentioned breach would have occurred between December 19, 2007 and September 15, 2008 taking into account the due date to inform the appointments and the date of actual delivery of the requested documents. The Central Bank's Resolution No. 434, dated February 7, 2012, instructed to carry out investigation proceedings against Banco de la Provincia de Buenos Aires and Messrs. Martín Lousteau and Guillermo Francos under section 41 of the Law of Financial Institutions.

Administrative proceedings for foreign exchange offense – File No.5770/2014

Notice of these proceedings was served on June 10, 2014 and duly answered on July 10, 2014. The trial process was declared ended and a report was filed according to section 8, paragraph c, of Law No. 19359. The actions were based on certain foreign currency sale transactions involving natural and artificial persons who were not entitled to operate without approval of the BCRA. The breach period was June 2, 2008/ September 9, 2009 and the amount involved totaled US$82.427. The Central Bank's Resolution No. 274 instructed to carry out investigation proceedings against Banco de la Provincia de Buenos Aires and Messrs. Sergio Ares and Javier Norberto Lardizábal with regard to the tasks they performed when the transactions took place.

19. Breakdown of "Miscellaneous" or "Other" Items with Balances Exceeding 20% of the Total for the Relevant Caption

There follows a breakdown of the "Miscellaneous" and "Other" items in the Financial Statements for the fiscal year ended 12/31/14 and comparative figures:

ITEM	12/31/14	12/31/13
1. Interests in Other Companies – Other		
. In Grupo Banco Provincia S.A.	854,861	568,144
. In Provincia Microempresas	26,746	7,734
. In BA Desarrollo S.A.	5,572	5,765
. In Visa Argentina S.A.	3,409	3,409
. In Red Link S.A.	2,123	2,123
. Other	3,939	3,415
TOTAL	**896,650**	**590,590**
2. Miscellaneous Receivables – Other		
. Advance Payments	3,823,653	1,627,858
. Adjustment Account for Pension Fund Advance	(941,440)	-
. Guarantee Fund – Visa Argentina	190,889	153,725
. Peso Loans to Staff	115,998	157,948
. Sundry Debtors	104,255	80,075
. Funds for Financing Own Users' Purchases Abroad – Visa Arg. S.A.	55,417	32,074
. Compensations and Balances to Be Recovered from Claims	35,032	34,580
. Debtors related to Summary Proceedings pending Resolution	13,868	12,955

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(Partner)
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Teresita M. Amor
Public Accountant (U.B.A.)
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Taxpayer Registration Code
27 - 13802361 - 9

Fernando L. Arriola, General Accountant
Marcelo H. García, General Manager
Gustavo M. Marangoni, President

Banco Provincia

Notes to the Financial Statements

AT DECEMBER 31, 2014 AND COMPARATIVE PERIODS
(In thousands of Pesos)

. Receivables and Goods to Be Received in lieu of Payment	7,031	9,250
. Other	37,683	39,852
TOTAL	**3,442,386**	**2,148,317**

ITEM	12/31/14	12/31/13
3. Other Liabilities from Financial Brokerage - Other		
. Liabilities from Financing of Purchases	1,701,145	696,653
. Miscellaneous Liabilities not subject to Minimum Cash Requirements	461,723	197,081
. Collections and Other Transactions on behalf of Third Parties	163,827	133,177
. Foreign Exchange Transfers pending Payment	121,849	99,038
. Update of Tax Withholdings and Collections	118,973	100,349
. Pension Payment Orders Pending Settlement	62,550	27,840
. Gross Income – Collection Procedures	60,074	45,059
. Taxes on Bank Debits and Credits	25,196	18,656
. Not Applied .Proceeds - –Debtors under Memorandum Accounts	14,539	13,437
. Export Collections. Pending Settlement	5,869	7,310
. Other	213,954	123,534
TOTAL	**2,949,699**	**1,462,134**
4. Miscellaneous liabilities – Other		
. Taxes Payable	220,215	144,861
. Other Withholdings Payable	134,873	97,696
. Sundry Creditors	72,751	62,301
. Payroll and Social Security Taxes Payable	60,597	45,324
. Advances for Sales of Assets	759	1,050
. Advance Collections	-	3
. Other	6,768	3,803
TOTAL	**495,963**	**355,038**
5. Memorandum Accounts – Control – Debit		
. Items in Safekeeping	8,841,790	9,081,591
. Patacones - Currency Unification Program	2,760,523	2,760,523
. Cash in Safekeeping on behalf of the BCRA	752,576	475,814
. Total Overdrafts in Pesos	677,500	522,091
. Items to Be Debited	662,617	624,739
. Items for Collection	104,833	91,257
. Loans to SMEs and Micro Enterprises	4,491	7,140
. Other	1,699,883	1,351,368
TOTAL	**15,504,213**	**14,914,523**
6. Income from Services – Other		
. Commission for Credit Card Services	2,210,196	1,399,092
. Commissions from Grupo Banco Provincia S.A. Companies	127,878	83,864
. Commissions – ATM Network	109,432	89,215
. Safe Deposit Box Rental	108,811	99,525
. Maintenance Fee – Private Sector Savings Accounts	104,512	104,171
. Commissions from Inter-branch Cash Transactions	90,883	30,352
. Commissions from Clearing Services	66,935	43,240
. Commissions from Drafts and Transfers	31,483	23,922
. Commissions from Direct Payment System	27,391	23,463

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Notes to the Financial Statements

AT DECEMBER 31, 2014 AND COMPARATIVE PERIODS
(In thousands of Pesos)

. Commissions from Salary and Wage Payments	10,186	10,841
. Commissions from Pre-allocation System	914	708
. Other Income from Services – Mortgage loans division	112	17,175
. Commissions on Consumer Loans -Individuals	-	196,329
. Other	169,890	136,872
TOTAL	**3,058,623**	**2,258,769**

ITEM	12/31/14	12/31/13
7. Expenditure for Services – Other		
. Expenditure for Direct Marketing Actions	164,897	92,257
. Advising Payment to Pcia.Microemp. Board of Director's Resolution 203/10	153,794	79,037
. Charges for Credit Card Processing	97,339	86,508
. Visa International Royalties	82,709	53,015
. Miscellaneous Operating Services	82,160	36,888
. Social Security Contribution / Income from Services	78,411	59,218
. Services to ATM users - Insurance -	55,424	11,226
. BAPRO Customer Loyalty Program	31,063	2,979
. COBINPRO Peso Commissions	4,722	3,910
. Collection Services on Credit Card Debts	4,617	4,081
. Delinquent Portfolio Recovery Services	2,929	3,396
. Swift System Communication Services	107	74
. Other	10,168	8,516
TOTAL	**768,337**	**441,105**
8. Miscellaneous Losses		
. Impairment of Miscellaneous Receivables	941,513	15,494
. Donations	76,471	13,714
. Non-recoverable Portfolio Expenses	18,134	22,153
. Special Cont. to the Bank's Retirement and Pension Fund Section 78 – Law No. 13364	11,842	9,662
. Losses on Clearing and/or Adjustment of Balances	2,716	5,512
. Events Detrimental to the Bank	2,167	3,967
. Discount Rate Difference - Provincia Leasing	1,419	3,208
. Discount on Mortgage Loans –Principal	1,540	1,953
. Other	7,255	13,521
TOTAL	**1,063,057**	**89,184**

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